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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 18 JUNE 1974 Number 11

Released Pursuant to §1000.3 and §1090.84, USDA - AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - JUNE 1974

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - $9.17 and Excess Milk - $6.31. The producer butterfat differential is 7.2 cents. This is a Base and Excess price increase of $1.93 and $0.58 respectively above June 1973.

In June 1974, 61.1% of the producer milk received by pool plants was priced in Class I at $9.88 per cwt. and 38.9% was priced in Class II at $6.31 per cwt. The June butterfat differential for Class I was 7.3 cents and Class II was 7.0 cents.

Total producer milk received during June 1974 was 34,240,305 pounds which is a decrease of 1,375,962 pounds or 3.9% compared with June 1973. Deliveries of producer Base milk exceeded producer milk used in Class I by 5,412,029 pounds or percentagewise only 79.4% of Base milk was used in Class I. The June daily average deliveries from 722 producers was 1,581 pounds.

SECRETARY BUTZ RECOMMENDS AGAINST FURTHER INCREASE IN NONFAT DRY MILK IMPORTS

Secretary of Agriculture Earl L. Butz announced June 14 he has advised President Nixon that a further increase in the import quota for nonfat dry milk is not necessary or advisable at this time. The recommendation is directed to a pending Presidential decision on an earlier recommendation of the U.S. Tariff Commission that the regular import quota for nonfat dry milk be increased, for the calendar year 1974 only, by 265 million pounds. The regular annual quota, which was established by President Eisenhower in 1953, is 1.8 million pounds.

Last December the Tariff Commission, following an investigation requested by the President, recommended that the 1974 quota be increased by the same amount as had been permitted during 1973. At that time, domestic production had fallen sharply and supplies were tight. Under the law, import restrictions may be imposed only as necessary to prevent imports from interfering with the price support program; and the Commission concluded that nonfat dry milk imports could be continued at the 1973 level without causing such interference. Also at that time dairy prices were well above the support level and the government had made no support purchases for many months.

On March 4, at the advice of the Secretary, President Nixon took interim action on the Commission's report, withholding final decision until the prospective supply situation for the entire year became more definite. The interim action authorized 150 million of the recommended 265 million pounds additional nonfat dry milk imports during a period ending June 30. In his letter to the President, Secretary Butz pointed out that the dairy situation has changed markedly in recent months. Production of nonfat dry milk and other manufactured dairy products has been greater than anticipated; prices have fallen and are now close to or at the support level.

Although overall milk production shows signs of recovering from the downturn which began in late 1972, prospects for the second half of the year depend on a number of uncertain factors. Recognizing the possibility that nonfat dry milk supplies might again be tight, Secretary Butz indicated he would review the situation later this year.

Source: U. S. Department of Agriculture News Release

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Jun.'74 over Jun.'73	June 1974	May 1974	June 1973
Number of Plants - Pool		4	4	6
- Non-Pool		14	14	12
RECEIPTS POUNDS (DAILY AVERAGE)				
Producer Milk	- 3.9	1,141,344	1,183,429	1,187,209
Other Source	+71.8	55,415	94,083	32,256
Other Federal Orders	+96.4	106,180	116,399	54,062
TOTAL MILK RECEIPTS	+ 2.3	1,302,939	1,393,911	1,273,527
UTILIZATION POUNDS (DAILY AVERAGE)				
Class I Uses				
Homo Milk	-16.3	368,913	393,967	440,702
Skim	-16.2	20,375	21,283	24,304
2% Milk	+23.2	211,316	213,429	171,552
Buttermilk	- 7.6	58,702	58,689	63,550
Flavored Milk & Drink	- 5.9	24,628	34,954	26,167
Creams (Sweet and Sour) and Dip	- 9.1	3,790	4,029	4,169
Yogurt	-63.7	404	444	1,113
Pkg. Items Sub-Total (Pool Plants)	- 5.9	688,128	726,795	731,557
Other (Shrinkage, Inventory, etc.)		1,495	3,925	(1,693)
Sales to Non-Pool Plants	-86.5	8,987	74,993	66,480
In-Area Sales by Non-Pool Plants	+15.3	54,617	62,567	47,358
TOTAL CLASS I MILK	-10.7	753,227	868,280	843,702
Class II Uses - Pool Plants				
Ice Cream Mixes	+ 4.8	84,878	73,480	81,011
Livestock Feed and Milk Dumped		5,128	5,366	9,123
Shrinkage Class II		14,858	17,182	16,471
Other (Inv. Variation, Cottage Cheese, etc.)		132,286	86,058	47,255
Bulk Sales to Non-Pool Plants	+13.3	312,562	343,545	275,965
TOTAL CLASS II MILK	+27.9	549,712	525,631	429,825
CLASS I PACKAGE POUNDS				
Distributed In Area - Pool Plants	- 8.8	464,054	496,151	508,650
Distributed Out of Area - Pool Plants	+ 0.5	224,074	230,644	222,907
Distributed In Area - Non-Pool Plants	+15.3	54,617	62,567	47,358
% Producer Milk of Gross Class I		151.5	136.3	140.7
% Producer Milk Priced in Class I		61.1	68.0	65.7

TOTAL PACKAGE CLASS I POUNDS (DAILY AVERAGE) ON ROUTES IN THE MARKETING AREA BY POOL PLANTS AND NON-POOL PLANTS

PACKAGE ITEMS	% June'74 Over June '73	June 1974	May 1974	June 1973
Homo Milk	-17.3	289,053	316,922	349,362
Skim	- 7.6	15,907	15,658	17,207
2% Milk	+26.9	145,104	147,363	114,336
Buttermilk	- 8.4	46,358	46,413	50,588
Flavored Milk and Drink	- 8.2	18,942	28,783	20,633
Fluid Creams, Yogurt and Dip	-14.8	3,307	3,579	3,882
Class I Package Pounds - In Area	- 6.7	518,671	558,718	556,008

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES AND WEIGHTED AVERAGE PRICE

June 1974	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		22,596,811	2.724		
Less Other Source		1,675,636	2.811		
Producer Milk Class I	61.1	20,921,175	2.717443	$9.308733	$1,947,496.32
Gross Class II		16,491,360	5.100		
Less Other Source		3,172,230	5.435		
Producer Milk Class II	38.9	13,319,130	5.020471	$7.374330	982,196.60
TOTAL PRODUCER MILK (Cl.I+Cl.II)	100.0	34,240,305	3.613297		$2,929,692.92
Add Fractional Adjustment					.01
Add Value of Overage					3,426.59
Add Value of Class I Other Source and Producer Location Adjustment					3,166.30
Add ½ Producer-Settlement Fund Reserve					17,959.21
TOTAL VALUE AT TEST		34,240,305	3.613297	$8.627975	$2,954,245.03
Less Test over 3.5% @ 7.2¢ per point		34,240,305	.113297	.081574	27,931.19
TOTAL UTILIZATION VALUE AT 3.5%		34,240,305	3.5	$8.546401	$2,926,313.84
Less Producer Settlement Fund Reserve		34,240,305		.046401	
WEIGHTED AVERAGE PRICE - 3.5% TEST		34,240,305	3.5	$8.50	
Less FMP from Unregulated Supply Plants Allocated to Class I @ Wt. Av. Price		-0-			
TOTAL PRODUCER MILK VALUE @ 3.5% TEST					

BASE AND EXCESS PRICES

	Milk Pounds	Cwt.Price @ Test	Amount	Value
TOTAL PRODUCER MILK VALUE @ 3.5% TEST	34,240,305			$2,926,313.84
Excess Producer Milk Used in Class I	-0-	-		
Excess Producer Milk Used in Class II	7,907,101	$6.31	$498,938.07	
UNIFORM EXCESS PRICE - 3.5% TEST	7,907,101	6.31		498,938.07
Total Value of Base Milk	26,333,204	9.217928		$2,427,375.77
Less Producer-Settlement Fund Reserve	26,333,204	.047928		12,620.98
UNIFORM BASE PRICE - 3.5% TEST	26,333,204	$9.17		$2,414,754.79

JUNE 1974 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS
3.0	$8.81	$5.95	4.0	$9.53	$6.67	5.0	$10.25	$7.39
3.05	8.846	5.986	4.05	9.566	6.706	5.05	10.286	7.426
3.1	8.882	6.022	4.1	9.602	6.742	5.1	10.322	7.462
3.15	8.918	6.058	4.15	9.638	6.778	5.15	10.358	7.498
3.2	8.954	6.094	4.2	9.674	6.814	5.2	10.394	7.534
3.25	8.99	6.13	4.25	9.71	6.85	5.25	10.43	7.57
3.3	9.026	6.166	4.3	9.746	6.886	5.3	10.466	7.606
3.35	9.062	6.202	4.35	9.782	6.922	5.35	10.502	7.642
3.4	9.098	6.238	4.4	9.818	6.958	5.4	10.538	7.678
3.45	9.134	6.274	4.45	9.854	6.994	5.45	10.574	7.714
3.5	9.17	6.31	4.5	9.89	7.03	5.5	10.61	7.75
3.55	9.206	6.346	4.55	9.926	7.066	5.55	10.646	7.786
3.6	9.242	6.382	4.6	9.962	7.102	5.6	10.682	7.822
3.65	9.278	6.418	4.65	9.998	7.138	5.65	10.718	7.858
3.7	9.314	6.454	4.7	10.034	7.174	5.7	10.754	7.894
3.75	9.35	6.49	4.75	10.070	7.21	5.75	10.79	7.93
3.8	9.386	6.526	4.8	10.106	7.246	5.8	10.826	7.966
3.85	9.422	6.562	4.85	10.142	7.282	5.85	10.862	8.002
3.9	9.458	6.598	4.9	10.178	7.318	5.9	10.898	8.038
3.95	9.494	6.634	4.95	10.214	7.354	5.95	10.934	8.074

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight				HANDLER CLASS PRICES 1/			
					Class I		Class II	
	Uniform	Base	Excess	Bf. Dif.	Cwt.	Bf. Dif	Cwt.	Bf. Dif.
June'73	$7.10 2/	$7.24	$5.73	7.2¢	$7.78	7.3¢	$5.73	7.0¢
July	7.32 2/	7.44	5.78	7.4	7.81	7.3	5.78	7.3
Aug.	7.74	-	-	8.0	7.88	7.6	6.38	9.0
Sept.	8.28	-	-	9.6	8.37	9.4	6.91	9.9
Oct.	8.33	-	-	10.0	8.53	10.3	7.49	9.1
Nov.	8.86	-	-	9.2	9.06	9.5	7.64	8.6
Dec.	9.20	-	-	8.6	9.64	9.0	7.94	8.3
Jan.'74	9.33	-	-	8.2	9.79	8.6	8.10	7.9
Feb.	9.40	-	-	7.8	10.09	8.2	8.14	7.4
Mar.	9.51 2/	$9.85	$8.15	7.8	10.25	7.7	8.15	7.8
Apr.	9.33 2/	9.81	7.73	8.0	10.29	8.2	7.73	7.8
May	9.17 2/	9.89	6.93	7.6	10.30	8.2	6.93	7.0
June	8.50 2/	9.17	6.31	7.2	9.88	7.3	6.31	7.0
July	-	-	-	-	9.08	7.3	-	-
Aug.	-	-	-	-	8.46	-	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE (Daily Average)					
	Chi.92° Butter	Chi.Area Powder	Minn/Wisc. Mfg. Milk	Class I		Class II		Percentage Use	
	¢ Lb.	¢ Lb.	Cwt.-3.5%	Pounds	Test-%	Pounds	Test-%	Cl.I	Cl.II
June'73	61.00	45.24	$5.73	779,652	2.98	407,557	4.87	65.7	34.3
July	63.43	45.51	5.78	763,373	3.03	247,383	5.55	75.5	24.5
Aug.	78.15	47.96	6.38	647,883	2.89	126,570	7.38	83.7	16.3
Sept.	85.94	50.07	6.91	675,195	2.80	71,764	11.48	90.4	9.6
Oct.	79.34	50.82	7.49	672,259	2.78	66,947	13.28	90.9	9.1
Nov.	75.00	51.04	7.64	690,996	2.83	65,376	14.87	91.4	8.6
Dec.	71.98	52.03	7.94	735,380	2.94	233,683	6.96	75.9	24.1
Jan.'74	68.49	55.13	8.30	737,793	2.86	249,088	7.15	74.8	25.2
Feb.	64.07	57.75	8.14	691,834	2.79	361,676	5.94	65.7	34.3
Mar.	68.06	61.52	8.15	723,583	2.73	404,160	5.55	64.2	35.8
Apr.	68.23	68.73	7.73	744,227	2.76	434,702	5.40	63.1	36.9
May	60.51	66.22	6.93	804,711	2.80	378,718	5.51	68.0	32.0
June	60.57	58.45	6.31	697,373	2.72	443,971	5.02	61.1	38.9

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/			PRODUCER DATA					
	No. Hdlers	Total Receipts	Class I Use	Pool Plants	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av.Per Farm
June'73	18	1,273,527	843,702	6	720	1,187,209	1,076,817	3.63	1,649
July	17	1,128,476	857,423	4	630	1,010,756	938,848	3.64	1,604
Aug.	17	905,289	742,937	4	601	774,453	-	3.63	1,289
Sept.	16	954,718	786,950	3	567	746,959	-	3.63	1,317
Oct.	16	926,692	776,654	3	561	739,206	-	3.74	1,318
Nov.	16	916,985	793,538	3	553	756,372	-	3.87	1,368
Dec.	17	1,157,582	829,686	4	624	969,063	-	3.91	1,553
Jan.'74	17	1,170,171	837,331	4	626	986,881	-	3.94	1,576
Feb.	17	1,233,886	790,532	4	738	1,053,510	-	3.87	1,428
Mar.	17	1,275,930	783,913	4	701	1,127,743	909,675	3.74	1,609
Apr.	18	1,406,083	806,245	4	750	1,178,929	913,117	3.73	1,572
May	18	1,393,911	868,280	4	749	1,183,429	899,410	3.67	1,580
June	18	1,302,939	753,227	4	722	1,141,344	877,774	3.61	1,581

1/ Excludes Premiums 2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I